

30 OCT 1975

MEMORANDUM FOR: Hubert Lacey

SUBJECT: GAO Task Force Draft Paper

I believe the initial draft of the Task Force paper should be reorganized. I believe the following outline for the paper would be more suitable:

I. Preface

This short section should include the type of information included in the first two pages of the present introductory section, i.e. the nature of the assignment, how and why it was levied, a sketch of how the Task Force went about its business, any notable problems encountered, and the fact that the following sections reflect our conclusions.

II. Introduction

This section should include a brief discussion of the history of GAO relationships with CIA. It should discuss the nature of the audit GAO now conducts of other Government agencies, stressing the comprehensive, program scope of their present audit. The paper should then discuss what this audit would mean to CIA. Frank Quinn discussed this at a couple of the meetings--what we might expect from the GAO audit. He emphasized they would not examine every pay slip or travel voucher, but that they would be looking for duplication in the major technical programs, such as any duplication between NPIC and IAS. Although some discussion of the conceptual audit options would be worthwhile at this point, it is my belief that any limitations on the GAO audit will be limitations on the type of information to which they have access (e.g., we may be able to withhold the names of cooperating foreigners). I cannot foresee that they would conduct anything but a comprehensive program audit. In this connection it seems to me that there is an additional option not mentioned in section 3 of the present paper. Option 3 is a "full scope fiscal audit" but the description of this section indicates it will not really be "full scope," as key data will be excluded from GAO purview. The other option would be a true "full scope fiscal audit," an audit with no overall program evaluation but with complete access to all internal fiscal documentation.

III. This section would be the real guts of the paper. It should lead off by stating the kind of information in paragraph 3 on page 1 and paragraph 2 on page 4, namely that the Task Force concludes that certain CIA activities are simply not compatible with the GAO audit and that the DCI must categorically refuse to permit these activities. We must then produce a comprehensive list of all of these activities, which will be integrated into this section. In the present paper this data is presented as Exhibit A, and this list includes only "representative examples" of "verboden" activities. I believe this list is the essence of what the Task Force was asked to provide, and a representative list just won't do. The Task Force should discuss each item in this list and reach agreement that each cannot be undertaken by GAO. I believe this is what the Director expects from the Task Force.

IV. In addition to those activities which would be destroyed by a GAO examination, even if there were no leaks, the Task Force views certain Agency information as so sensitive that the Director should attempt to preclude GAO examiners from gaining access to this material. The information in the fourth paragraph on page 1 should be included in this section. Here again the Task Force must set forth a list of all items we feel the Director should attempt to keep from GAO. This list might include items such as the identities of secret agents and Americans who deal with us only if their confidentiality is insured, in contrast to items such as actual contact with secret agents or Americans which would be part of the list provided under section 3. The Task Force should discuss each of these items and reach agreement that they must be included in this list. We might also seek some Office of Security inputs on this point.

V. This section should detail the procedures of GAO access that the Director should propose, such as, hypothetically, GAO review will only take place at CIA buildings, no raw materials are to be removed from these buildings, proposed guidelines for content and control of GAO reports, and a mechanism to dissolve CIA-GAO disputes, such as the senior review panel proposed in the first paragraph of page 4 of the present paper. I think this mechanism needs full discussion by the Task Force. My own guess is that this might be handled better by a single official, such as the DDA, rather than a panel.

Those are my recommendations for the organization and content of the Task Force paper. One question I have not resolved in my own mind and I have not addressed in these remarks is what treatment we give in the paper to the very valid point made in the last sentence on page 3. I am not certain where this point should be made in the paper and how it should affect our recommendations as to the specific items included in the two lists I propose.

SIGNED


Assistant Legislative Counsel

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